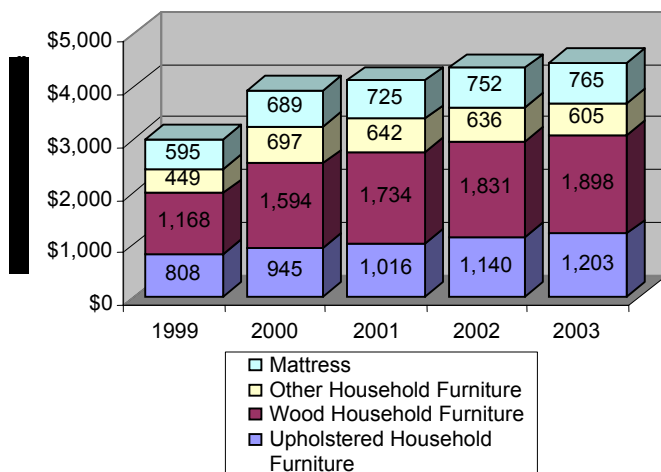




Furniture

Household Furniture Industry

Canadian Household Furniture Apparent Domestic Market



COMPETITORS

Household furniture imports into Canada have increased substantially in recent years, from approximately CDN \$1.2 billion in 2000 to almost CDN \$1.8 billion in 2004.

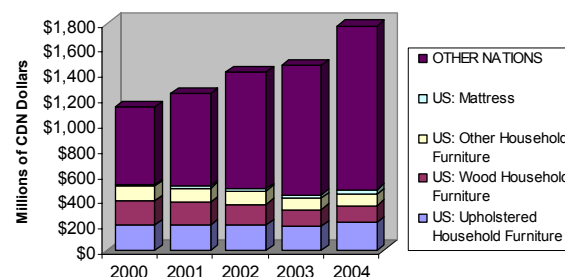
As of 2004, 27% of the household furniture imported into Canada was done so by U.S. manufacturers, second to only China.

Canada had approximately 2,700 household furniture manufacturers as of 2003. Furniture production capacity is concentrated in Ontario (45%), however there are a number of small to medium sized firms spread across the country.

MARKET OVERVIEW

- ▶ The furniture industry is booming in Canada, with an estimated total apparent market for furniture of CDN \$9.8 billion per year in 2003, 46% of which is composed of household furniture sales.
- ▶ The apparent size of the household furniture market in Canada as of 2003 was almost CDN \$4.5 billion per year in 2003, roughly divisible into wood furniture (42%), upholstered furniture (27%), non-wood and non-upholstered furniture (14%) and mattresses (17%).
- ▶ As of 2003, there were almost 12 million households in Canada, indicating that each Canadian household on average spends CDN \$400 on furniture per year.

Canadian Household Furniture Imports



MARKET OPPORTUNITIES

- ▶ The household furniture industry in Canada is highly cost sensitive and largely impacted by exchange rate movements.
- ▶ U.S. firms have recently had great success in the non-wood and non-upholstery market (which includes baby seats and rattan, brass, wrought iron or wicker furniture). While imports in this category on the whole decreased 1.1% when comparing the January to July period of 2004 to 2005, U.S. imports increased 19.4% in this one year time period.
- ▶ Niche markets for ergonomic furniture, environmentally sound products, furniture for the elderly, home office, outdoor and home theatre furniture offer opportunities to importers to differentiate their product line and to compete on aspects other than cost.
- ▶ Geographic proximity, common language, common furniture designs, similar quality, similar demands, tariff-free entry and similar channels of distribution are advantages that U.S. manufacturers enjoy when conducting business in Canada.

THINK CANADA FIRST!

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